



COMMITTEE FOR
GREEN FOOTHILLS

October 30, 2006

Coyote Valley Specific Plan Task Force

Re: Need for an accurate update of the Draft Fiscal Analysis

Dear Members of the CVSP Task Force:

The Committee for Green Foothills submitted several comments about the Draft Fiscal Analysis for Coyote Valley that came out earlier this year, and we understand that the City's consultants are revising their analysis. We repeat our request that all our comments are specifically addressed in a "Response to Comments" format similar to that used in EIRs. Equally important, we urge the City to require updated house pricing information as part of the analysis, rather than rely upon the same starting price information used in the April Draft.

As you recall, the Draft assumes house prices and that are the basis for residential taxes will increase 3% over and above inflation every year for over 50 years, while assuming that costs of providing services will grow much more slowly. We already can see this is wrong in the short term – 2006 prices have not increased at the rate the analysis expected, and there is no reason for 2007 to be different. If the revised Draft does not update the house price information, it will begin analysis with information already known to be incorrect. Even in the nearly-impossible event that the long-term expectations of the Draft are correct for every year after 2007, the current price correction should lower housing revenue projections by around 5%. That should be reflected in the consultant analysis.

Furthermore, there is likely to be a significant time gap between the revised analysis and final City Council consideration of Coyote Valley. When the issue reaches the City Council, there should be one more revision of the house price numbers with the updated information at that time. Neither of our requested updates should require much work – just plug the revised numbers into the existing model, and run the projections into the future. There is no reason not to provide the Task Force and City Council with the most current information.

As you may also recall, the Committee for Green Foothills did not consider the Draft's revenue projections to be credible. New information over the last six months reinforces the idea that housing prices cannot forever increase faster than income, the underpinning of the Draft's rosy scenario. We hope this problem will be addressed in the revision.

Please contact us if you have any questions.

Sincerely,

Brian A. Schmidt
Legislative Advocate, Santa Clara County